

Tax Practitioner Guidelines for Computer-Prepared Returns

Introduction

The Franchise Tax Board (FTB) has established these guidelines for tax practitioners who use personal computers to computer-prepare the following personal income tax returns, tax vouchers, and business entity tax vouchers filed on paper:

- Form 100-ES, Corporation Estimated Tax;
- Form 540, California Resident Income Tax Return;
- Form 540-ES, Estimated Tax for Individuals;
- Form 540 2EZ, California Resident Income Tax Return;
- Form 540NR, California Nonresident or Part-Year Resident Income Tax Return (Long and Short);
- Form 540X, Amended Individual Income Tax Return;
- Form 541-ES, Estimated Tax for Fiduciaries;
- Form FTB 3519, Payment for Automatic Extension for Individuals;
- Form FTB 3522, LLC Tax Voucher;
- Form FTB 3537, Payment for Automatic Extension for LLCs;
- Form FTB 3538, Payment for Automatic Extension for LPs, LLPs, and REMICs;
- Form FTB 3539, Payment for Automatic Extension for Corps and Exempt Orgs;
- Form FTB 3563, Payment for Automatic Extension for Fiduciaries;
- Form FTB 3582, Payment Voucher for Individual e-filed Returns;
- Form FTB 3586, Payment Voucher for Corp e-filed Returns;
- Form FTB 3587 – Payment Voucher for LP, LLP, and REMIC e-filed Returns; and
- Form FTB 3588 – Payment Voucher for LLC e-filed Return.

This publication also provides information on:

- California's e-file Program. See page 9.
- Filing Business Entity returns, including paperless Schedules K-1 (565 or 568). See page 10.

If you prepare your clients' tax returns by hand, you must use the official forms as printed and distributed by the FTB or an FTB-approved substitute version.

By following these guidelines, you help accelerate processing and get your clients' refunds to them faster.

As a tax practitioner, you do not need approval from us to computer-prepare your clients' tax returns. However, make sure that the tax software you use produces FTB-approved forms. Ask your software provider for a copy of its FTB-approval letter for the form(s) you want to prepare.

If you use electronic software that allows you the ability to create tax forms that your clients will file with the FTB, they may need our approval first. Get FTB Pub. 1098, Annual Requirements and Specifications for the Development and Use of Substitute, Scannable, and Reproduced Tax Forms, and form FTB 1096, Agreement to Comply with FTB Pub. 1098, Annual Requirements and Specifications, for more information.

To ensure you receive software updates and other information necessary to produce FTB-approved forms, register with your software provider, as necessary, upon receiving the product.

What's New for 2008

Business e-file Program

Starting June 2008, FTB is adding an e-file option for the following business entity taxpayers:

- Corporations who file Form 100W, California Corporation Franchise or Income Tax Return — Water's-Edge Filers.
- Combined Reports for Form 100 and Form 100W filers.
- Specific attached forms and schedules.

These forms join the successful 2006 and 2007 e-file season for business entity taxpayers filing Form 100, California Corporation Franchise or Income Tax Return, Form 100S, California Corporation Franchise or Income Tax Return, Form 565, Partnership Return of Income, and Form 568, Limited Liability Company Return of Income.

Check with your software provider to see if they include Business e-file in their product. For more information about FTB's Business e-file program, go to www.ftb.ca.gov and search for **Business e-file**.

Registered Domestic Partners (RDP)

Effective for taxable years beginning on or after January 1, 2007, RDPs under California law must file their California income tax returns using either the married/RDP filing jointly or married/RDP filing separately filing status. RDPs will have the same legal benefits, protections, and responsibilities as married couples unless otherwise specified.

If taxpayers entered into in a same sex legal union in another state, other than a marriage, and that union has been determined to be substantially equivalent to a California registered domestic partnership, effective for taxable years beginning on or after January 1, 2007, taxpayers are required to file a California income tax return using either the married/RDP filing jointly or married/RDP filing separately filing status. For further information on what states have legal unions that are considered substantially equivalent, go to our Website at www.ftb.ca.gov and search for **RDP**.

For purposes of California income tax, references to a spouse, a husband, or a wife also refer to a California Registered Domestic Partner (RDP), unless otherwise specified. When we use the initials (RDP) they refer to both a California Registered Domestic "Partner" and a California Registered Domestic "Partnership," as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

Separate e-file Registration is No longer Required

FTB no longer requires Electronic Return Originators (EROs) to submit a separate enrollment application for authorization to electronically file individual or business tax returns.

EROs approved to participate in the IRS Electronic Filing (e-file) Program are now automatically enrolled in the California e-file Program. In addition, we will automatically receive any updates you make to your IRS account.

FTB Conforms with IRS Notice 2007-79

FTB conforms with IRS Notice 2007-79 which permits alternative forms of signature on e-file authorization forms. For more information, see "FTB Conforms with IRS Notices 2004-54 and 2007-79" under Important Reminders, on page 3.

Round Cents to Dollars

Beginning with the 2007 tax forms, round cents to the nearest whole dollar. For example, round \$50.50 up to \$51 or round

\$25.49 down to \$25. If the software you use does not round, FTB will disregard the cents. We will delete the cents field in a few years, once taxpayers are comfortable with rounding.

Change in Keying Symbols

We replaced all square keying symbols with solid black circles, where appropriate (except on amended returns Forms 540X and 100X). We hard coded zeros in the cents field of all official forms.

Legislative Updates

AB 28, CA Breast Cancer Research Fund. Extends the sunset date from January 1, 2008 to January 1, 2013.

AB 62, Allows taxpayers special tax treatment called "disaster loss treatment," for losses sustained as a result of the 2006 Riverside and Ventura County Wildfires.

AB 198, Clarifies that the Limited Liability Company fee will be based on California-source income rather than on worldwide total income.

AB 897, Eliminates the requirements for certain federally tax-exempt entities to apply for state tax exemption.

SB 87, Repealed the Teacher Retention Credit.

SB 105, Registered Domestic Partnerships. Tax treatment same as married couple except where treatment would result in specified treatment under federal law.

SB 114, Allows a disaster loss deduction sustained in the counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba for extreme freezing conditions that took place in January 2007.

New Forms

Form 589, 2008 Nonresident Request for Reduced Withholding
Form 592F, 2008 Foreign Partner or Member Annual Return
Form 593V, Voucher for Real Estate Withholding Electronic Submission, see your software for availability of this voucher.

FTB 3500A, Affirmation of Internal Revenue Code Section 501(c)(3)

FTB 3726, Deferred Intercompany Stock Account (DISA)

FTB 9000, Homeowner and Renter Assistance (HRA) Booklet

- Russian Translation
- Vietnamese Translation

FTB Pub. 737, Tax Information for Registered Domestic Partners

Support of the Scannable Format in Forms and Vouchers

FTB supports the use of the following forms and vouchers in a scannable format:

Scannable Form 540	Scannable voucher FTB 3538
Scannable voucher Form 100-ES	Scannable voucher FTB 3539
Scannable voucher Form 540-ES	Scannable voucher FTB 3563
Scannable voucher Form 541-ES	Scannable voucher FTB 3582
Scannable voucher FTB 3519	Scannable voucher FTB 3586
Scannable voucher FTB 3522	Scannable voucher FTB 3587
Scannable voucher FTB 3537	Scannable voucher FTB 3588

In an effort to expedite processing, reduce costs, and minimize manual intervention, we request that software companies no longer produce or support these forms in a format other than scannable.

Format Changes

Form 541

The California Fiduciary Income Tax Return has been revised. Major revisions include:

- New check box, entitled "Apportioning Trusts"

- Renumbered Voluntary Contributions (to match the resident return Form 540)
- Moving questions 7a – 7f from Side 2 to new Schedule G on Side 3. Creating Schedule G, California Source Income and Deduction Apportioning (previously "Income and Deduction Worksheet on Side 3)

FTB 3805V and FTB 3805Q

Five new disaster codes for 2007:

- Code 30 Riverside and Ventura County Wildfires
- Code 31 Severe Freeze January 2007
- Code 32 El Dorado County Wildfires
- Code 33 Santa Barbara and Ventura County Fires
- Code 34 Name to be determined (Southern California Wildfires)

Withholding Forms

Forms 592 and 592B will remain the same for 2007 as they were in 2006 with minor annual changes. The 2007 and 2008 revised Forms 592 and 592B will be posted online at the same time this year. Form 592, Quarterly Nonresident Withholding Statement, will be used to report the total withholding for each quarter.

- Form 592, Side 2, Foreign Partner or Member Withholding, has been removed and is now its own Form 592-F.
- Form 592-A, Foreign Partner or Member Quarterly Withholding Remittance Statement, is used to remit withholding payments on Partnership or Limited Liability Company income or gain allocable to foreign (non U.S.) partners or members.
- Form 592-B, Nonresident Withholding Tax Statement, minimized the number of copies from four to two,

Form 593, Real Estate Withholding Remittance Statement, combines Form 593B and 593 into one form. Used to report real estate withholding on sales closing in 2008, on installment payments made in 2008, or on exchanges that were completed or failed in 2008.

Schedules K and K-1

The California Schedule K and Schedule K-1 (565 and 568) have been revised for 2007 to follow the federal Schedule K and K-1 (1065). See the specific instructions for these forms for more information.

Voluntary Contributions

No new voluntary contributions were added for 2007.

Please note the following information regarding the voluntary contributions:

- CA Breast Cancer Research Fund – Extended sunset date to 2013.
- Rare and Endangered Species Preservation Program – Expired. Remains on the 2007 tax returns, without legislation, it will be removed from the 2008 tax returns.
- State Children's Trust Fund for the Prevention of Child Abuse – Expired. Remains on the 2007 tax returns, without legislation, it will be removed from 2008 tax returns.

Three Voluntary Contributions were Removed:

- Veterans' Quality of Life Fund
- CA Sexual Violence Victim Services Fund
- CA Colorectal Cancer Prevention Fund

Important Reminders

- The PACARRP “RP” Area is configured differently and, when applicable, based on your input, the software you use will print these codes to designate special processing:

U = Military

9 = Disaster

D = Taxpayer diseased

C = Spouse/RDP diseased

See the special instructions for “Disaster and Military Designations on Scannable 540” on this page.

- To save space on all official forms, FTB removed the separate box for Private Mail Box (PMB). Taxpayers will enter their PMB, when applicable, in the address field (e.g., 1200 Hollow Way, PMB 123). Scannable forms and payment vouchers are not affected by this change.
- Taxpayers may request Direct Deposit of their refund to two separate bank accounts on all personal income tax returns.
- Due dates on scannable estimate vouchers (Forms 100-ES, 540-ES, and 541-ES) prints above the form number and below the “DETACH HERE” line.
- Scannable Form 100-ES installment number will print above the form number and below the “DETACH HERE” line. (e.g., Voucher 1)
- FTB assigned new generic numbers to identify all forms processed through our automated system. The generic number prints in the bottom margin between the brackets. (e.g., “3101076” represents scannable Form 540, Side 1)

“Amount of Payment” – Exception for all Estimate Vouchers

To better meet taxpayers’ expectations and enable us to optimize efficient processing of scannable estimate vouchers (Forms 100-ES, 540-ES, and 541-ES), we will allow software programs to leave the taxpayer’s “Amount of payment” dollar amount blank. This provides a solution for your clients who determine their estimate payment amount at a later date allowing them to enter the payment amount by hand.

To help ensure accurate processing of your clients’ payments, use the current year’s payment vouchers when paying current year tax liabilities.

California Secretary of State (SOS) File No.

- The SOS file no. is **always** numeric and **must** begin with a “19” or “20.” (The “19” and “20” represents the first two digits of the year the file number was assigned to the taxpayer by the Secretary of State.) (e.g., “2004123456789”)
- The SOS file no. can be 10 or 12 digits long. When it is 10 digits, the software you use will precede it with zeros. (e.g., “001234567890”)
- If the SOS file no. is not available to you, the software you use will zero fill the SOS File No. field (e.g., 000000000000)

Use of Hyphens in Street Address Field

Hyphens can only be used in the street address field for all personal income tax, business income tax forms and vouchers (scannable and substitute versions).

Disaster and Military Designations on Scannable Form 540 and Substitute Computer-Generated Forms 540 2EZ, Long and Short 540NR, and 540X

We continue to enlist the support from preparers to identify their clients with a disaster or military special processing requirement. In addition to instructions to “write the disaster or military

special circumstance, in red ink, in the top margin on Side 1,” of scannable Form 540, and substitute computer-generated Forms 540 2EZ, Long and Short 540NR, and, if applicable, 540X, the tax software you use will print code “9” (Disaster)” and code “U” (Military) in the PACARRP area’s “RP” box.

Disasters

Taxpayers affected by certain disasters are legislatively granted additional time to file returns and make tax payments, including estimated tax payments (IRC 7508A / R&TC 18572). We **do** abate interest and any late filing or late payment penalties during the extension period.

Please ensure the following information is written in red ink in the top margin of your clients’ California tax return:

- Disaster – enter the specific name of the disaster (e.g., 2007 Southern California Wildfires.)

Although the disaster code in the PACARRP area’s “RP” box will tell us the taxpayer was affected by some disaster, we also need the **specific disaster identified in red ink** in the top margin of the return. With this specific information, we can process the return quickly with the correct extension, if an extension was granted, and adjust interest and penalties as needed.

For more details about how to claim a state tax disaster loss deduction for your clients, get FTB Pub. 1034, How to Claim a State Tax Deduction for Your Disaster Loss.

Military – Combat Zone/Overseas

Combat Zone – Members of the Armed Forces (including National Guard and reservists called to active duty) and civilians acting under the direction of the Armed Forces in support of those forces, are allowed an extension of 180 days after leaving a combat zone or qualified hazardous duty area (QHDA) for filing returns and paying taxes without interest or penalties. In addition to the 180 days, they are allowed an additional extension of up to 107 days (the number of days they were in a combat zone or QHDA during the filing season).

We need the following information **written in red ink** in the top margin of the return:

- Combat Zone
- Location or area served: _____
- Dates of deployment: From / / To / /

With this information, we can allow the correct extended due date, adjust interest and penalties as needed, and prevent premature billings from being mailed.

Military Overseas – Members of the Armed Forces (including National Guard and reservists called to active duty) and Merchant Marines working beyond the boundaries of the United States, are allowed an extension of 180 days after returning from overseas for filing returns and paying tax without interest or penalties.

We need the following information **written in red ink** in the top margin of the return:

- Military Overseas
- Dates of deployment: From / / To / /

With this information, we can allow the correct extended due date, adjust interest and penalties as needed, and prevent premature billings from being mailed.

For more details about Tax Information for Military Personnel, get FTB Pub. 1032, Tax Information for Military Personnel. Go to www.ftb.ca.gov to get this publication.

FTB Conforms with IRS Notices 2004-54 and 2007-79

We will accept the same alternative forms of signature as described in IRS Notices 2004-54 and 2007-79. Specifically, it

permits income tax return preparers to sign original returns, as well as e-file authorizations such as forms FTB 8453, FTB 8454, and FTB 8879, by rubber stamp, mechanical device, or computer software program. These alternative methods of signing must include either a facsimile of the individual preparer's signature or the individual preparer's printed name.

Income tax return preparers who use alternative methods of signing must provide all of the other preparer information that is required on returns and extensions, such as the name, address, relevant employer identification number, the preparer's individual identification number (social security number or preparer tax identification number), and phone number.

To Verify Personal Income Tax Estimate Payments

A significant number of personal income tax returns fall out during processing because taxpayers claim the wrong amount of estimate payment. Confirming personal income tax estimate payments first will resolve many issues where your clients claim amounts or payments that we don't have on record. This could reduce the number of notices your clients receive in connection with claiming the wrong amount of payments, which is frustrating for you and your clients.

How can you help? Go to our Website at www.ftb.ca.gov under Online Tools and select **Lookup Your Account** to view:

- Estimated tax payments
- Recent payments applied to a balance due
- The total current balance due
- A summary of each balance due tax year on the account
- Your amnesty balance after you applied for amnesty
- 1099G
- Withholding Information

You or your clients will need the following information to complete one of the requests listed above:

- Social security number
- 2007 Customer Service Number (CSN) (see Power of Attorney Program, page 11)

A Note about Customer Service Numbers (CSN)

We issue a new CSN to every taxpayer each calendar year. The number is only valid during the year for which it is assigned. Your clients can get their current year CSN online at www.ftb.ca.gov.

To ensure the security of taxpayer information, **be sure to use the log off button to exit** the "Your Account." For information about your client's federal income tax account, please contact the IRS at (800) 829-1040.

Envelope Guidelines

Please use these guidelines if you provide pre-printed envelopes or labels to customers for delivery to FTB. Doing so will expedite processing and reduce processing problems.

- Use white envelopes only – **no colored envelopes**, please. (Tax practitioners may use their current supply of colored envelopes as long as they have the correct ZIP +4 on them, before changing over to white envelopes.)
- Use sans serif fonts.
- Ensure envelopes you use contain the correct address and ZIP +4 extension.

Check with your envelope supplier to make sure your supply of envelopes uses sans serif fonts and contains current year FTB return mail addresses, or go to our Website at www.ftb.ca.gov and search for **contact us**.

What is Needed to Computer-Prepare California Tax Forms

Tax practitioners must produce computer-prepared forms using:

- Software that produces FTB-approved forms
- Personal computer hardware required by the software to produce FTB-approved forms (i.e., printer fonts, etc.)
- Good quality, white, standard, stock machine paper (8 1/2 x 11 at minimum 20 lb. weight)
- Black ink
- Software user manuals that include instructions for correctly producing FTB-approved forms

In addition, reading your software provider's user manual (and ALL "**Read Me's**," etc.) will help ensure you have the necessary hardware and printer fonts to correctly produce FTB-approved forms. **Note:** "**Read Me's**" are a great resource tool to learn about enhancements or revisions made to the software you use.

All printing must be:

- Laser or ink jet
- Courier 12-point, or standard print font (no bold font)
- Alpha characters must be in upper case
- Original printed output (no corrections or photocopies accepted)
- On one side of the paper (scannable forms only)

General Information About Scannable Form 540

(A graphic of this form is shown on page 13.)

We use an automated processing system to capture information from scannable Form 540, rather than having the information entered manually by key data operators (KDOs).

Scannable Form 540 **must** have a scannable band (scanband) area that contains the taxpayer's tax data. The scanband directly follows the taxpayer's Entity area (Name and Address) on Side 1. The two-digit field numbers in the scanband correspond to the line numbers, direct deposit, and practitioner areas found on sides 1 and 2. Even though the tax data will print in the scanband and the conventional area of the form, only the tax data in the scanband will be "captured." Monetary amounts in the scanband **must** be whole dollars only, without decimal points or other punctuation. The rest of scannable Form 540 is like the official form.

To ensure the integrity of the scanband data, if **any** corrections are made, you must reprint the entire scannable Form 540 return before your client (or you) mail it to FTB.

We will capture the tax practitioner's identification number, i.e., federal employer identification number (FEIN), and the preparer's tax identification number (PTIN), or social security number (SSN) from all personal and corporation income tax returns.

Guidelines on How to Enter Taxpayer Entity Information on Computer-Prepared Personal Income Tax Returns (scannable Form 540 and substitute Forms 540 2EZ, Long and Short 540NR, and 540X)

Taxpayer entity information is arranged in fixed positions with defined field lengths. Each field is dedicated to hold specific information such as:

- Spouse/RDP name

- Executor/guardian name
- Apartment number and/or letter
- Private mailbox (for the “PMB” to print) and PMB number (or letter)
- Deceased date of taxpayer or taxpayer’s spouse/RDP, if any
- Prior name, if any

It is critical that you enter the taxpayer entity information correctly. This will help us to accurately process your clients’ tax returns, and help ensure that your clients’ refund checks print with the correct name(s) and address. Your clients’ entity information should print like the examples shown under “*Taxpayer Entity Information Examples*” shown on page 6.

Two Asterisks (**) in the Entity – THIS IS CRITICAL

Two asterisks (**) in the taxpayer entity area indicates to us that certain taxpayer information is **UNCHANGED** from last year. Print two asterisks **ONLY** if the taxpayer (and taxpayer’s spouse/RDP, if any):

- Filed a California Form 540, 540A, 540 2EZ, or Long or Short 540NR tax return last year
- Did **not** change the address shown on last year’s tax return
- Has the same social security number (SSN) or ITIN, if applicable, as last year
- Has the same name (first, middle, and last) as last year
- Has the same filing status as last year
- Is not deceased

Otherwise, do not print the asterisks.

Personal Income Taxpayer Name and Address Entry Instructions

Use these instructions when you enter your client’s name and address information. It will help reduce processing time and help ensure that refunds are mailed to the correct name(s) and address.

- Alpha characters must be in upper case, Courier, 12-point font.
- Other than the hyphen (–) and slash (/), use no punctuation or symbols in the Street Address field.

See Taxpayer Entity Information Examples: JORDAN A TAXPAYER and AUSTIN M TEXAN on page 6.

- Do not use commas or periods to separate address information.
- **Do not** space or use punctuation in the Name Control (first four letters of the taxpayer’s last name) field.

Example: McPeak Enter: MCPE
 O’Toole Enter: OTOO
 De Martino Enter: DEMA
 Lee Enter: LEE
 Lee-Smith Enter: LEES

Form 541-ES and form FTB 3563: Name control is the first four letters of the estate’s or trust’s proper name and follows the estate’s or trust’s FEIN.

- **Do not** include titles or ranks such as DR, MD, ENSIGN, SGT, etc.
- Use Roman numerals (alpha characters) for numeric suffixes that follow the last name.
- Never space in name field(s). **Exception:** Use one space for JR, SR, II, etc. following the last name.

Example: First Name: JoAnne Enter: JOANNE
 Last Name: Von Wodtke Enter: VONWODTKE
 Last Name: Lee-Smith Enter: LEESMITH
 Last Name: Rush, Sr. Enter: RUSH SR

Enter last name of taxpayer and/or spouse/RDP, if different from the last name used on last year’s return, in the Prior Name fields. (Example: Marriage or registered domestic partner in the current tax year changes spouse’s/RDP’s maiden name.)

See *Taxpayer Entity Information Example:* JORDAN A TAXPAYER and KAITLYNN G TAXPAYER on page 6.

- The taxpayer and spouse/RDP SSN must be 11 digits (includes “–”). Enter “000-00-0000” in the SSN field if an individual has applied for or does not have an SSN. See next bullet.

- Individual Taxpayer Identification Number (ITIN): If a taxpayer has a “ITIN,” it should be entered in the SSN field.

Form 541-ES and form FTB 3563: The FEIN must be 10 digits (includes “–”).

- Enter Principal Business Activity (PBA) code, if applicable, (scannable Form 540 and Long Form 540NR only). Otherwise, leave this field blank.

See *Taxpayer Entity Information Example:* SARAH E. LEE on page 6.

- Enter deceased date of death for taxpayer or spouse/RDP in appropriate field. Format is MM-DD-YY. No punctuation other than the “–.”

See *Taxpayer Entity Information:* ROBERT J SMITH on page 6.

- Use standard abbreviations for the suffix of the street name. See “**Standard Abbreviations**” on page 6.

- **Do not** enter apartment and apartment number/letter in the Street Address field. Enter in the designated “Apartment” and “Apartment Number” fields. These fields are on the same line as the “Street Address” field. **Note:** Use these abbreviations in the “Apartment” field: APT, BLDG, SP, STE, RM, FL, and UN.

See *Taxpayer Entity Information Example:* MICKEY J BEEHAPPY and LYNN S BEEHAPPY on page 6.

- Additional Address field is a supplemental field used only for: “in care of” name and additional address information. Other than slash(/) use no punctuation or symbols in this field.

See *Taxpayer Entity Information Example:* AUSTIN M TEXAN on page 6.

- Military “APO” or “FPO” addresses:

- Enter “APO” or “FPO” in the first three positions of the City field.

- **Do not** enter the name of the city for “APO” and “FPO” addresses.

- Enter two-character alpha state code in the State field;

<u>City field</u>	<u>State Code</u>	<u>ZIP Code Range</u>
APO	AA	34000-34099
APO	AE	09000-09999
FPO	AP	96200-96699 and 98700

See *Taxpayer Entity Information Example:* ELIJAH M MISSION on page 6.

- In the State field, use the standard two-digit abbreviation for the state or United States possession. See “**State or U.S. Possessions**” on page 6.

- If using a foreign address, enter the country beginning in the City field. (The foreign address field overlays the State and ZIP Code fields, plus five additional positions. The overlay area is for the foreign country name and, if applicable, the foreign country postal code.)

- The ZIP Code can be 10 digits (includes hyphen “-”).
- Apply these guidelines, then truncate if the information exceeds the field length.

Taxpayer Entity Information Examples:

111-11-1111 LEE ** 07 PBA 123456
SARAH E LEE

1234 STATE ST

CROWN CA 12345

111-11-1111 TAXP 222-22-2222 07

JORDAN A TAXPAYER

KAITLYNN G TAXPAYER SINGLENFREE

12345½ SHORT ST

ANYPLACE CA 12345

111-11-1111 TEXA ** 07

AUSTIN M TEXAN

HOMESTYLE NURSING HOME

1234 BEAUTIFUL DR-21

WELCOME CA 54321

111-11-1111 BEEH 222-22-2222 07

MICKEY J BEEHAPPY

LYNN S BEEHAPPY

9876 LONGNAME WY STE 141 PMB 263

WALLACE CA 12345-6789

111-11-1111 SMIT 07

ROBERT J SMITH 03-12-07

3452 BUSY DR UN 5 KIMBERLY SMITH

BORDERTOWN CA 12345

111-11-1111 MISS ** 07

ELIJAH M MISSION

PO BOX 888

APO AE 09876

If there is no spouse/RDP name, additional address, or executor/guardian name, the tax software you use will leave these areas blank.

Standard Abbreviations

AIR FORCE BASE	AFB	PARKWAY	PKY
APARTMENT	APT	PLACE	PL
AVENUE	AV	PLAZA	PLZ
BOULEVARD	BL	POINT	PT
BUILDING	BLDG	POST OFFICE BOX	PO BX
CAUSEWAY	CSWY	ROAD	RD
CENTER	CTR	ROOM	RM
CIRCLE	CIR	SAN/SANTO	SN
COURT	CT	SOUTH *	S
CROSSING	XING	SOUTHEAST *	SE
DEPARTMENT	DEPT	SOUTHWEST *	SW
DRIVE	DR	SPACE	SP
EAST *	E	SQUARE	SQ
EXPRESSWAY	EXPY	STREET	ST
FLOOR	FL	SUITE	STE
FREEWAY	FWY	TERRACE	TER
HIGHWAY	HWY	TRACK	TRAK
LANE	LN	UNIT	UN
LOOP	LP	WALK	WK
NORTH *	N	WALKWAY	WKWY
NORTHEAST *	NE	WAY	WY
NORTHWEST *	NW	WEST *	W
NUMBER	NO		

Never use mixed upper/lower case or # sign.

*Abbreviate only when used as a direction.

State and U.S. Possessions Abbreviations

Alabama	AL	Montana	MT
Alaska	AK	Nebraska	NE
American Samoa	AS	Nevada	NV
Arizona	AZ	New Hampshire	NH
Arkansas	AR	New Jersey	NJ
California	CA	New Mexico	NM
Colorado	CO	New York	NY
Connecticut	CT	North Carolina	NC
Delaware	DE	North Dakota	ND
Dist Columbia	DC	Northern Mariana Islands	MP
Federated States of Micronesia	FM	Ohio	OH
Florida	FL	Oklahoma	OK
Georgia	GA	Oregon	OR
Guam	GU	Palau	PW
Hawaii	HI	Pennsylvania	PA
Idaho	ID	Puerto Rico	PR
Illinois	IL	Rhode Island	RI
Indiana	IN	South Carolina	SC
Iowa	IA	South Dakota	SD
Kansas	KS	Tennessee	TN
Kentucky	KY	Texas	TX
Louisiana	LA	Utah	UT
Maine	ME	Vermont	VT
Marshall Islands	MH	Virgin Islands	VI
Maryland	MD	Virginia	VA
Massachusetts	MA	Washington	WA
Michigan	MI	West Virginia	WV
Minnesota	MN	Wisconsin	WI
Mississippi	MS	Wyoming	WY
Missouri	MO		

Miscellaneous Information

Tax Preparer Identification Number: SSN, PTIN, and FEIN

Tax preparers have the option of using either their SSN or PTIN in the “Paid preparer’s SSN/PTIN” box in addition to their FEIN when signing tax returns for their clients.

Direct Deposit of Refund (DDR)

DDR is available to your clients who file their personal income tax return electronically or on paper and to your business entity clients who file Forms 100, 100W, 100S, and 109. When your clients select this option, be sure to complete **ALL DDR fields** in the “Direct Deposit of Refund” area (Side 2 on personal income tax returns; Side 1 on business entity income tax returns).

Payment Options

- **Web Pay** – Your clients can enjoy the convenience of online bill payment with **Web Pay**. This secure service lets them pay the current amount owed and schedule future payments, such as estimated tax, up to one year in advance. They select the amount to pay and when to pay it. We deduct the payment from their bank account on the date selected. Your client’s social security number or ITIN, bank account and routing number, and current customer service number is needed to use this service. Go to our Website at www.ftb.ca.gov and search for **Web Pay**.
- **Credit Card** – Whether your clients e-file or file by mail, they may use their Discover/NOVUS, MasterCard, Visa, or American Express to pay their tax (tax return balance, extension payment, estimated tax payment, or tax due with bill notice). They can make payments online or by phone. For more information about fees, etc., call (800) 272-9829, or visit the Website www.officialpayments.com.
- **Check** – Using the current year’s form to make a current year payment, your clients should:
 1. Make a check or money order payable to the “Franchise Tax Board.”

Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

2. Write their social security number or ITIN, tax form, and tax year on the check or money order.
3. Mail the payment to the correct address. Go to our Website at www.ftb.ca.gov and search for **contact us**.

What are Keying Symbols?

Keying symbols are important. Although we process most personal income tax returns through our automated imaging system, there are times when certain returns require manual intervention by our KDOs.

Keying symbols are shown on all computer-prepared tax returns, including the conventional areas on sides 1 and 2 of scannable Form 540. They will print to the left of specified tax data line numbers. They reduce time and guide KDOs to enter the correct tax return information.

Exact placement, shape, and size of keying symbols that will be present on the 2007 personal income tax returns is shown below in the snapshot of a 2007 Form 540.

Before you give your clients their returns to file, please verify that these symbols are present. If they are not present, please read your software company's user manual to make sure you have the minimum hardware and printer fonts necessary to print FTB-approved forms. If you cannot determine why the keying symbols do not print correctly, contact your software provider's technical support staff.

○ FTB 3803	● 20	00
55,416, see page 13	21	00
.....	22	00
.....	● 23	00
.....	24	00
..... ▶ 25		00
..... ▶ 26		00
..... ● 27		00
..... ● 28		00

Fiscal Year Filers

If any of your clients file their personal income tax return on a fiscal year basis, the tax software you use must accommodate their needs. Not all tax software products support the filing of fiscal year personal income tax returns. As a result, you may need to complete the tax returns for your fiscal year clients by hand.

Always remember to enter the fiscal year date as the filing date for your fiscal year clients; otherwise, we will process the tax return as a calendar year tax return. When this happens, the tax return most likely will appear to be delinquent in some way. As a result, your fiscal year clients could receive a delinquent or late payment of tax penalty or an underpayment of estimated tax penalty and may be assessed interest.

Contact your software provider and confirm the tax software you use supports fiscal year filing for personal income tax filers.

Prior Year and Amended Returns

Do not use 2007 software to file a prior year tax return. File current year forms for current year tax liabilities. (e.g., Use the 2008 Form 540-ES to make 2008 estimate tax payments.)

Amend personal income tax Forms 540, 540A, 540 2EZ, and Long or Short 540NR by completing Form 540X, Amended Individual Income Tax Return. When amending Long or Short Form 540NR, you **must** also attach a revised Long or Short Form 540NR to Form 540X.

Amend corporate income tax Forms 100, 100S, and 100W by completing Form 100X, Amended Corporation Franchise or Income Tax Return.

Payment Forms (Vouchers)

There are several types of scannable payment vouchers:

- Form 100-ES, Corporation Estimated Tax, is used by business entities to figure and pay the business entity's estimated tax.
- Form 540-ES, Estimated Tax for Individuals, is used by individual taxpayers to figure and pay their estimated tax.
- Form 541-ES, Estimated Tax for Fiduciaries, is used to figure and pay estimated tax for an estate or trust.
- Form FTB 3519, Payment for Automatic Extension for Individuals, is used **only** if individual taxpayers cannot file their 2007 tax return by April 15, 2008, and tax is due.
- Form FTB 3522, LLC Tax Voucher, is used to pay the annual LLC Tax of \$800 for 2008.
- Form FTB 3537, Payment for Automatic Extension for LLCs, is used **only** if a limited liability company owes tax or fees for 2007 and is unable to file Form 568, Limited Liability Company Return of Income, by the original due date.
- Form FTB 3538, Payment for Automatic Extension for LPs, LLPs, and REMICs, is used **only** if a partnership owes tax for 2007 and is unable to file Form 565, Partnership Return of Income, by the original due date.
- Form FTB 3539, Payment for Automatic Extension for Corporations and Exempt Organizations, is used **only** if a corporation or exempt organization owes tax for 2007 and is unable to file its return by the original due date.
- Form FTB 3563 (541), Payment for Automatic Extension for Fiduciaries, is used **only** if an estate or trust cannot file Form 541, California Fiduciary Income Tax Return, by the original due date, and tax is due.
- Form FTB 3582 (e-file), Payment Voucher for Individual e-filed Returns, is used **only** when a taxpayer electronically files their tax return and there is a balance due.
- Form FTB 3586 (e-file), Payment Voucher for Corporation e-filed Returns, is used **only** when a corporation electronically files its tax return, and there is a balance due.
- Form FTB 3587 – Payment Voucher for LP, LLP, and REMIC e-filed Returns, is used **only** when a partnership electronically files its Form 565 tax return and there is a balance due.
- Form FTB 3588 – Payment Voucher for LLC e-filed Returns, is used **only** when a limited liability company electronically files its Form 568 tax return and there is a balance due.

Do not use any of the forms shown above to make installment payments for your clients that owe tax. Only we can set up an installment agreement plan for your clients. Get form FTB 3567, Installment Agreement Request, for information on how to request an installment agreement plan for your clients. The taxpayer or you, as the preparer, can access our Website at www.ftb.ca.gov (select "Installment Agreement Request") for more information or to download forms to request an installment agreement.

Remind your clients NOT to mail any voucher, listed above to FTB if the "Amount of payment" is zero (0).

FTB Taxpayer Signature and Authentication Policy

Our policy is to ensure proper authentication of the information provided to us by taxpayers. The level of authentication needed on specific documents depends on several factors, including how we use the information. To help you determine whether or not we will accept photocopies or facsimiles of a taxpayer's signature, we have categorized the level of signature authentication required into three groups. The category and its number (C1, C2, or C3) will print after the form number on each tax form. The three categories are:

- Category 1 (C1) Original authentication required; facsimiles acceptable only if original is subsequently provided.
- Category 2 (C2) Copy of signature is sufficient proof that original was signed; photocopy or facsimile is acceptable.
- Category 3 (C3) No authentication required.

Additional Credit Names, Codes, and Acronym Names

The tax software you use should include the credit acronym and code number for each additional credit shown below. See *"Claiming Additional Credits on Personal and Business Entity Tax Returns (Forms 100, 100S, 100W, 540, and Long Form 540NR),"* on this page.

*PIT = Personal Income Tax

*CT = Corporation Tax

Credit Name	Code	Acronym	PIT*	CT*
Child Adoption	197	CHILD ADOPT	X	
Child and Dependent Care Expenses	NONE	NONE	X	
Community Development Financial Institution Deposits	209	CDFI DEPOSIT	X	X
Dependent Parent	173	DEP PARENT	X	
Disabled Access for Eligible Small Businesses	205	DSABL ACCESS	X	X
Donated Agricultural Products Transportation	204	DONATE AGTRN	X	X
Employer Child Care Contribution	190	CHLDCARE CTR	X	X
Employer Child Care Program	189	CHLDCARE PRG	X	X
Enhanced Oil Recovery	203	ENHNC OILREC	X	X
Enterprise Zone Employee	169	E/Z EMPL	X	
Enterprise Zone Hiring & Sales or Use Tax	176	E/Z HIRE/USE	X	X
Environmental Tax	218	ENVRNMNTL TAX	X	X
Farmworker Housing: New Construction/Rehabilitation	207	F/W HS CONST		X
New Construction/Rehabilitation Loans	208	F/W HS LOAN		X
Joint Custody Head of Household	170	JT CSTDY HOH	X	
Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax	198	LAMBRA HR/US	X	X
Low-Income Housing	172	LOW-INC HOUS	X	X
Manufacturing Enhancement Area (MEA) Hiring	211	MEA HIRE	X	X

Credit Name	Code	Acronym	PIT*	CT*
Natural Heritage Preservation Tax	213	HERITAGE	X	X
Nonrefundable Renter's Credit	NONE	NONE	X	
Other State Tax	187	OTHER STATE	X	
Prior Year Alternative Minimum Tax	188	PRIOR YR AMT	X	X
Prison Inmate Labor	162	INMATE LABOR	X	X
Research	183	RESEARCH	X	X
Rice Straw	206	RICE STRAW	X	X
Senior Head of Household	163	SR HOH	X	
Targeted Tax Area (TTA) Hiring & Sales or Use Tax	210	TTA HIRE/USE	X	X

Repealed Credits with Carryover Provisions

Credit Name	Code	Acronym	PIT*	CT*
Agricultural Products	175	AGRI PRODUCT	X	X
Commercial Solar Electric System	196	COMSLR EL CO	X	X
Commercial Solar Energy	181	COM SLR NRG	X	X
Contribution of Computer Software	202	CTB COMPSOFT		X
Employee Ridesharing: Employee Vanpool Program	194	R/S EMPL VN	X	
Employer Ridesharing: Large Employer Program	191	R/S LG EMPLR	X	X
Small Employer Program	192	R/S SM EMPL	X	X
Employer Subsidized Public Transit Passes	193	R/S TRANSIT	X	X
Energy Conservation	182	NRG CSRV CO	X	X
Joint Strike Fighter: Property Costs	216	JSFPROPERTY	X	X
Wages	215	JSFWAGES	X	X
Los Angeles Revitalization Zone Hiring & Sales or Use Tax	159	LARZ HRE/USE	X	X
Low-Emission Vehicles	160	LOW-EMS VHCL	X	X
Manufacturers' Investment	199	MFG INVSTMNT	X	X
Orphan Drug	185	ORPHN DRG CO	X	X
Political Contributions	184	POLTCL CTB	X	
Recycling Equipment	174	RCYCL EQUIP	X	X
Residential Rental & Farms Sales	186	RES RNT/FARM	X	
Ridesharing	171	R/S CO	X	X
Salmon & Steelhead Trout Habitat Restoration	200	SALMON/TROUT	X	X
Solar Energy System	180	SLR NRG CO	X	X
Solar Pump	179	SLR PUMP CO	X	X
Solar or Wind Energy	217	SOLAR ENERGY	X	X
Technological Property Contribution	201	TECHPROP CTB		X
Water Conservation	178	WATRCRSRV CO	X	
Young Infant	161	YNG INFNT CO	X	

Additional Credits

Field numbers 25 and 26 in the scanband on Form 540 are where your clients' additional credit amounts, if any, print. The appropriate three-digit numeric credit code number **must** precede the additional credit amount.

Additional Credit Example

Dependent Parent Credit (code 173) of \$20 in field number 25. The scanband on Form 540 will look like this:

25 17320

Claiming Additional Credits on Personal and Business Entity Tax Returns (Forms 100, 100S, 100W, 540, and Long Form 540NR)

When your clients claim additional credits, the credit acronym, code number, and amount should print on the applicable lines of Forms 100, 100S, 100W, 540, and Long Form 540NR. (The credit acronym, code number, and amount of credit will print on the applicable line on side 2 of scannable Form 540.)

When a client claims credits on Schedule P (100, 100W, 540, or 540NR) and the credits are listed in more than one section, the tax software you use should total column (b) of the credits that have the same code numbers and bring the total forward to the applicable line of the tax return being filed.

If your client has any other credits to claim on Schedule P (100, 100W, 540, or 540NR), the tax software you use should add the amounts from column (b) for those credits and bring the total forward to the applicable line of the tax return being filed.

California's e-file Program

California Revenue and Taxation Code Section 18621.9 requires practitioners who prepare more than 100 individual state income tax returns annually and who prepare one or more current year returns using tax preparation software to e-file. For more information about mandatory e-file, go to www.ftb.ca.gov and search for **Mandatory e-file**.

The FTB and the IRS have approved over 42,000 tax practitioners to provide e-filing services to the more than seven million California taxpayers expected to e-file during the 2008 filing season. Participating in the California e-file Program has many benefits for you and your clients. Here are some highlights:

- **Faster refunds** – Refunds can be deposited directly into your client's bank account within five to seven banking days after the tax return is filed.
- **Proof of receipt** – We provide acknowledgement that we have accepted the tax return for processing.
- **Opportunity to correct errors** – Our system performs up-front edits on all incoming e-file tax returns. We let you know if we detect any errors, what those errors are, and allow you time to make any corrections. This step reduces subsequent notices to your clients.
- **Accurate tax returns** – Because most errors can be resolved before we accept your tax return for processing, less than one percent of e-file tax returns require special handling.
- **Safe** – We use the latest technologies to ensure the security and privacy of all taxpayer information. We receive most tax returns via modem transmission. Our Internet filing portal uses 128-bit Secure Socket Layer encryption-the industry standard. We have never experienced a breach of security in our e-file system. We have successfully processed over 25 million e-filed tax returns since 1994.

California e-file Program Enrollment Requirements (Individual and Business e-file)

Beginning August 2007, FTB no longer requires e-file providers to submit a separate enrollment application for authorization to electronically file individual or business tax returns.

Providers approved to participate in the IRS Electronic Filing (e-file) Program are now automatically enrolled in the California e-file Program. In addition, we will automatically receive any updates that you make to your IRS account.

Requirements for e-file participation:

To be automatically enrolled in our e-file program, you must be an accepted participant in the IRS e-file Program. We receive confirmation from the IRS after they accept you into their program.

Use your IRS-assigned Electronic Filer Identification Number (EFIN) to e-file with FTB. If you transmit returns, use your IRS-assigned Electronic Transmitter Identification Number (ETIN) with FTB.

Comply with the guidelines in FTB Pub. 1345, e-file Handbook for Authorized e-file Providers, and FTB Pub. 1345B, Business e-file Handbook for Authorized e-file Providers of California Business Returns.

Once you receive your IRS EFIN, you can verify your enrollment with California by contacting our e-Programs Customer Service at (916) 845-0353.

Guidelines on How to Enter Taxpayer Entity Information on Computer-Prepared Business Entity (BE) Tax Vouchers

BE Entity ID Number, Name, and Address Entry Instructions

BE entity information is arranged in fixed positions with defined field lengths. Each field is dedicated to hold specific information. Use these instructions when you enter your client's entity ID number, name, and address information. It will help reduce processing time and help ensure refunds are mailed to the correct name and address.

- All taxpayer data must print in Courier 12-point font, not bold.
- Alpha characters must be upper case.
- Entity ID number is a corporation number, federal employer identification number (FEIN), or Secretary of State (SOS) file identification number. The number can be up to 12 digits - (the FEIN includes a hyphen.)
 - Entity ID Number field must be one of the following:
 - **Form 100-ES, FTB 3539, and FTB 3586**
 - Corporation number – Numeric, 7 digits, no preceding alpha character or dashes, spaces, or punctuation; includes leading zeros (e.g., "1234567" or "0000000")
 - **Forms FTB 3538 and FTB 3587**
 - FEIN – Numeric, 10 digits, includes hyphen (–) (e.g., "12-3456789" or "00-0000000")
 - **Forms FTB 3522, FTB 3537, and FTB 3588**
 - SOS File Number – Numeric, 10 or 12 digits (If SOS File Number is 10 digits, the software you use will precede with zeros (e.g., "001234567891"). The SOS file number **must** begin with 19 or 20 (e.g., "200412345678")
 - When the entity has applied for or does not have an Entity ID Number, enter the appropriate number of zeros in the Entity ID Number field. When entering zeros for the FEIN, include the hyphen (e.g., "00-0000000")
- Entity Name Control field must contain the first 4 characters of the corporation, exempt organization, partnership, or LLC name **with these exceptions**:
 - Spell out ampersand (&) as "AND" if (&) is contained in the first 4 characters of the Entity's name. (See *Business Entity Information Example 1* on page 10.)

- **Do not** space or use symbols or any punctuation, including hyphens (–) and slashes (/). (See *Business Entity Information Example 2* on this page.)
- **Do not** use “The” when it is the first word in the Entity’s name. (See *Business Entity Information Example 4* on this page.)
- **Do not** use punctuation, hyphens, or blanks in the name control.

Examples: Entity name: The LTP LLC Enter: LTPL
Entity name: ABC Incorporated Enter: ABCI
Entity name: 012-015 Apts Enter: 0120
Entity name: 9 Twelve Enter: 9TWE
Entity name: BZX Enter: BZX
Entity name: 9-12 Enter: 912

- Enter Form Type Indicator as:
 - Forms 100, 100S, and 100W = 1
 - Form 109 = 2
 - Form 199 = 3
 - If more than one form, or no form indicated = 0
- Enter Taxable Year Beginning (TYB) and Taxable Year Ending (TYE)
 - TYB = “MM-DD-YY” (Enter “00-00-00” **only** if TYB is unknown.)
 - TYE = “MM-DD-YY” (Enter “00-00-00” **only** if TYE is unknown.)
 - Enter Business Entity name – Use business name, as is:
 - The corporation, partnership, or LLC name may contain embedded spaces, hyphens (–), slashes (/), and ampersands (&). (See *Business Entity Information Examples 1, 2, and 3* on this page)
 - **Do not** use any other symbols or punctuation in the Business Entity Name field.
- Street Address Information:
 - Other than the hyphen (–) and slash (/), use no punctuation or symbols in the Street Address field
 - **Do not** use commas or periods to separate address information
 - Use standard abbreviations for the suffix of the street name. See “**Standard Abbreviations**” on page 6.
 - **Do not** enter suite and suite number/letter in the Street Address field. Enter in the designated “Suite” and “Suite Number” fields. These fields are on the same line as the “Street Address” field. Use these abbreviations in the “Suite” field: STE, RM, FL, BLDG, and UN
 - Enter Private Mailbox (PMB) and PMB number/letter in the “PMB” and “PMB number/letter” fields. These fields are on the same line as the “Street Address” field. “PMB” will print with a PMB number/letter. If no “PMB,” the software you use will leave both fields blank.
 - Use the Additional Information field for “Doing Business As” (DBA), “Owner/Representative/Attention” name, and other supplemental address information **only**. Other than the slash (/), use no punctuation or symbols in this field
 - Military “APO” or “FPO” addresses:
 - Enter “APO” or “FPO” in the first three positions of the City field.
 - **Do not** enter the name of the city for “APO” and “FPO” addresses. Enter the two-digit state code in the State field:

City Field	State Field	ZIP Code Range
APO	AA	34000-34099
APO	AE	09000-09999
FPO	AP	96200-96699 and 98700

- In the State field, use the standard two-character alpha abbreviation for the state or United States possession. See “**State or U.S. Possessions**” on page 6.
- If using a foreign address, enter the country beginning in the State field. (The foreign address field overlays the State and ZIP Code fields, plus five additional positions. The overlay area is for the foreign country name and, if applicable, the foreign country’s postal code.)
- The ZIP Code can be 10 digits (includes hyphen “–”).
- Apply these guidelines, then truncate if the information exceeds the field length.

Business Entity Information Examples:

Example 1 Corporation

0000823 LPAN 44-1234567 (123) 456-7890 07 FORM 1
TYB 01-01-07 TYE 12-31-07
LP & T CONSULTING SERVICES INCORPORATED
B GANGLER
9646 BUTTERFIELD WY
RANCHO CORDOVA CA 95670-3720

Example 2 Partnership

99-7654321 LZ 1999712345678 (123) 456-7890 07 FORM 0
TYB 01-01-07 TYE 12-31-07
L - Z

5800 SANTA ANITA AV STE 2
EL MONTE CA 92102-1230

Example 3 LLC:

200387654321 2011 95-8654321 (123) 456-7890 07 FORM 0
TYB 00-00-00 TYE 00-00-00
2011 - 2015 - 2017 - 2019 WHASSUP

4900 W CAMBRIDGE
ATLANTA GA 30303

Example 4 Exempt Organization:

7777888 LTPL 99-7777777 (123) 456-7890 07 FORM 0
TYB 01-01-07 TYE 12-31-07
THE LTP LLC
C VEGA
4545 BUTTERFLY LN PMB 15
SACRAMENTO CA 95823

Filing Business Entity Returns

To ensure accurate and timely processing of your clients’ business entity returns that require Schedules K-1 (100S, 541, 565, or 568), use software that produces the FTB-approved schedules. Make sure that the substitute forms you use meet our requirements. Schedules K-1 (565 and 568) filed with incomplete information may cause us to contact the partnership or limited liability company (LLC) for more information or return the Schedules K-1 to the partnership or LLC. Either circumstance may subject the partnership or LLC to penalties.

Do not file

- K-1 data on microfiche
- Federal Schedule K-1 (Sch. 1065)
- Database printout information
- Abbreviated schedules

California Encourages Tax Preparers to File Paperless Schedules K-1 (565 or 568)

For the highest rate of accuracy and rapid processing of your clients’ Schedules K-1 (565 or 568), file them on CD or diskette.

If you want to produce Schedules K-1 (565 or 568), use software that produces FTB-approved paperless formatting or contact a professional who can format them for you. For more information, go to our Website at www.ftb.ca.gov and get FTB Pub. 1062, Guide for Filing Paperless Schedules K-1 (565 or 568) and K-1 (565 or 568), TestWare.

Mail Forms 565 and 568 to the FTB using the appropriate addresses. **Do not** attach paper Schedules K-1 (565 or 568).

Compliance with Partnership and LLC Filing Requirements for Paperless Schedules K-1 (565 and 568)

Before you submit your clients' paperless Schedules K-1 (565 or 568), make sure you complete the procedures shown below. Doing so will further ensure error-free files and timely processing.

- Mail Forms 565 and 568 to the FTB using the appropriate addresses. **Do not** attach paper Schedules K-1 (565 or 568).
- Confirm Schedules K-1 (565 or 568) have been formatted and put on a CD or diskette for **each** person identified on Forms 565, Question K or 568, Question J.
- Confirm all fields on the Schedules K-1 (565 or 568) are formatted and completed as described in FTB Pub. 1062.
- Verify the paperless Schedules K-1 (565 or 568) that you format on a CD or diskette, reconcile to Forms 565 or 568, Schedule K-1 (565 or 568), and have been pre-tested with the K-1 (565 or 568) TestWare.
- Provide your clients with the information contained on their paperless Schedules K-1 (565 or 568) before April 15, or the applicable filing date. **Reminder:** The information you provide your clients does not have to print on a Schedule K-1 (565 or 568); it may be in a test format.

You can download and send multiple partnership and LLC Schedules K-1 (565 or 568) to us on the same CD or diskette. It is not necessary to provide a separate CD or diskette for each individual partnership or LLC. Use form FTB 3604, Transmittal of Paperless Schedules K-1 (565 or 568), on CD or diskette, to provide the name, FEIN, and number of Schedules K-1 (565 or 568) that are included for each partnership or LLC on the CD or diskette.

K-1 (565 or 568) TestWare

We provide K-1 (565 or 568) TestWare as a tool to help you accurately prepare paperless Schedules K-1 (565 or 568). The program validates the K-1 (565 or 568) files and enables you to submit your clients' Schedules K-1 (565 or 568) error-free via CD or diskette. The TestWare can also expand your files from a delimited format into the format required to process the K-1 information through our mainframe. **Reminder:** You can download a copy of the K-1 (565 or 568) TestWare from our Website at www.ftb.ca.gov or you can call the e-file Help Desk at (916) 845-0353.

Substitute Schedules K-1 (565 or 568) Filing Requirements

If you choose to develop your clients' Schedules K-1 (565 or 568) (paperless or paper format), you must follow the same substitute forms review and approval requirements used by tax software developers, transfer agents, and others. You must complete and return to the FTB form FTB 1096. FTB Pub. 1098 includes the information you need to develop FTB-approved forms. To get a copy of form FTB 1096 or FTB Pub. 1098, go to www.ftb.ca.gov.

The paper format of Schedules K-1 (565 or 568) may be either a one-sided or two-sided format. The one-sided format includes only those tax data lines applicable to the partner or member. The two-sided format includes all tax data lines. Software companies choose the format to include in their tax products and both formats require approval from the FTB.

Common Trusts and Investment Clubs

Common trust funds and investment clubs should use Form 565, Partnership Return of Income, to report their filing information. To help ensure accurate processing, common trust funds are required to use the principal business activity (PBA) code 525920. Investment clubs are required to use PBA code 523910. For further information, see the instructions for federal Form 1065, U.S. Partnership Return of Income.

Power of Attorney (POA) Program

We have a centralized POA database where we store POA declaration information we receive from your customers and clients. Only authorized FTB employees can view the POA declaration information.

We can mail a copy of most FTB computer-generated notices (some computer-generated notices are not yet available for this service) to the primary representative.

For more information about the Power of Attorney program get FTB Pub. 1144, Power of Attorney Frequently Asked Questions. This publication is available on our Website at www.ftb.ca.gov.

PLEASE NOTE: When filing a Power of Attorney from any other state agency, the form used must clearly state that the taxpayer wishes to be represented for FTB matters by specifying the exact tax year and California form number in question (e.g., 2007 California Form 540).

The Power of Attorney Form – Form FTB 3520, Power of Attorney:

To ensure accurate and timely processing of your client's POA declaration, be sure to provide the required information:

- Taxpayer's name and address.
- Taxpayer's social security number (or ITIN, if applicable) and/or business identification number.
- Name, address, telephone, and fax number of the individual(s) the taxpayer is authorizing to represent them.
- The specific years or periods involved.
- A clear expression of the authorities the taxpayer is granting the representative.
- Taxpayer's signature and date. If a joint authorization, both spouses/RDPs must sign.
- For fiduciary or corporate Power of Attorney a signature and title are required.

How to File a Power of Attorney with FTB

Mail to:

POWER OF ATTORNEY
FRANCHISE TAX BOARD
PO BOX 2828
RANCHO CORDOVA CA 95741-2828

For faster service, you may FAX form FTB 3520 to the FTB at: (916) 845-0523.

Where To Get Income Tax Forms and Publications By Internet

Go to our Website at www.ftb.ca.gov.

Tax Professionals Services Available on the FTB Website

Be sure and visit the Tax Professionals area on our Website at www.ftb.ca.gov. You will find helpful information to fulfill the needs of CPAs, enrolled agents, and attorneys. Subjects covered on the web page are:

- **e-file for tax professionals** – online services and other paperless options
- **Compliance initiatives**
- **Law, legislation, & form updates**
- **Practitioner services**
- **Procedures & practices**
- **Tax agencies and professional organizations**
- **Subscription services**

FTB's Tax Practitioner Services

The Practitioners' Hotline is dedicated to helping CPAs, enrolled agents, attorneys, and other tax practitioners with questions on tax law, forms, California reporting requirements, and account resolution matters.

We encourage you to provide any of the acceptable Power Of Attorney forms to us. The information you provide on any of these forms allows you to receive confidential or sensitive taxpayer information. We will accept the following Power of Attorney forms:

- Forms FTB 3520, Power of Attorney, and FTB 3520C-1, Power of Attorney Declaration for Administration of Tax Matters,
- Board of Equalization (BOE) Form 392, Power of Attorney,
- Federal Form 8821, Tax Information Authorization,
- Federal Form 2848, Power of Attorney and Declaration of Representative,
- Employment Development Department Form DE 48, Power of Attorney.

The BOE, EDD, and federal forms must clearly state that the taxpayer also wishes to be represented for FTB matters by specifying the exact year and California form number in question (e.g. 2007 California Form 540).

The Tax Practitioners' Hotline telephone number is (916) 845-7057. If you call, be ready to provide client information such as social security number (or ITIN, if applicable), latest notice received, or facts relating to the inquiry. Customer Service Representatives can respond to questions on both personal income tax law and corporation tax law.

You can FAX correspondence 24 hours a day, seven days a week. The FAX number is (916) 845-6377. When you FAX your correspondence, be sure your cover sheet includes your business letterhead, FAX number, and daytime telephone number. In addition, please submit a copy of your Power of Attorney (form FTB 3520), if you have not already submitted one to us. To help ensure a response by FAX, it is recommended that you keep your FAX machine turned on at all times.

The Tax Practitioner's Hotline is staffed year round, Monday through Friday, 8 a.m. – 5 p.m., except holidays.

2007 Scannable Form 540 Assembly Guidelines

Leave Side 1 loose and staple the rest of the tax return in the upper left hand corner.

Federal tax return when required.

Supporting California forms and schedules

California Schedule W-2CG

540, Side 2

“SCANBAND” Must contain tax data.

Enclose, but do not staple any payment.

Do not attach any withholding forms here. See Schedule W-2CG, Wage and Withholding Summary.

California Resident Income Tax Return 2007 FORM 540 C1 Side 1

111-11-1111 ANDE ** 222-22-2222 06 PBA 123456
RAYMOND J ANDERSON 10-05-06 PPRIORLASTNAME
BONNIE A ANDERSON 10-05-06 SPRIORLASTNAME

123 MAIN ST APT 502 DU 9U
ANYTOWN CA 95500-1111

01	2	37	0	58	0	APE	0
06	0	39	0	59	25	3800	0
09	0	39	0	60	0	3803	0
10	0	40	0	61	0	SCHG1	1
12	40000	41	0	62	0	5870A	1
14	200000	42	0	63	0	5805 5805P	0
16	4000	43	0	64	0	TPIDP12345678	0
17	-10854	45	5000	65	0	FN 123456789	0
18	25000	46	4000	67	0		
20	0	47	0	69	975		
23	300	48	0	70	275		
25	0	49	0	71	900		
26	0	50	0				
27	0	51	0				
28	0	52	0				
31	0	53	0				
32	0	54	0				
33	0	55	0				
34	0	56	0				
36	5000	57	0				

011111111
54382
022222222
7825101
2

Filing Status

1 ☐ Single
2 ☐ Married/RDP filing jointly (see page 3)
3 ☐ Married/RDP filing separately. Enter spouse's SSN or FTB above and full name here.
4 ☐ Head of household (with qualifying person). (see page 3)
5 ☐ Qualifying widow(er) with dependent child. Enter year spouse/RDP died.
6 ☐ If your California filing status is different from your federal filing status, check the box here (see page 9).

Exemptions

7 **Personal:** If you checked 1, 3, or 4 above, enter 1 in the box. If you checked 2 or 5, enter 2 in the box.
8 **Blind:** If you (or your spouse/RDP) are visually impaired, enter 1; if both are visually impaired, enter 2.
9 **Senior:** If you (or your spouse/RDP) are 65 or older, enter 1; if both are 65 or older, enter 2.
10 **Dependents:** Enter name and relationship. Do not include yourself or your spouse/RDP.
11 **Exemption amount:** Add line 7 through line 10. Transfer this amount to line 21.

Whole dollars only

12 State wages from your Form(s) W-2, box 16 or CA Sch W-2 CG, line C 12 40,000

Taxable Income

13 Enter federal adjusted gross income from Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4 13
14 California adjustments – subtractions. Enter the amount from Schedule CA (540), line 37, column B 14 200,000
15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses (see page 11) 15
16 California adjustments – additions. Enter the amount from Schedule CA (540), line 37, column C 16 4,000
17 California adjusted gross income. Combine line 15 and line 16 17 -10,854
18 Enter the larger of your CA standard deduction OR your CA itemized deductions 18 25,000
19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- 19

Tax

20 Tax. Check box if from: ☐ Tax Table ☐ Tax Rate Schedule ☐ FTB 3800 or ☐ FTB 3803 20
21 Exemption credits. Enter the amount from line 11. If your federal AGI is more than \$155,416 (see page 13) 21
22 Subtract line 21 from line 20. If less than zero, enter -0- 22
23 Tax. (see page 13) Check box if from: ☐ Schedule G-1 ☐ Form FTB S870A 23 300
24 Add line 22 and line 23. Continue to Side 2 24

613 3101076

Tax Practitioner Tips for Computer-Preparing, Assembling, and Mailing Scannable Form 540

Item/Activity	Scannable Form 540
Monetary Amounts (Taxpayer's Tax Data)	Monetary amounts must print in the scanband and must be whole dollars without decimal points or other punctuation. Monetary amounts in the conventional area of the form must include decimal points or a vertical rule (penny line). Note: Most software is programmed to print whole dollars only followed by a decimal point.
Additional Credits Line 25 and Line 26	Credit acronym, code number, and amount will print on the applicable line(s) on Side 2 of the form. See example on page 8.
Direct Deposit of Refund (DDR)	DDR consists of three fields for two separate accounts: 1) DDR routing number (Must be 9 positions. The first two positions must be 01 through 12 or 21 through 32); 2) DDR account number; and 3) DDR account type. You must complete all fields for each DDR options you select. Otherwise, leave all fields blank.
FTB-Supplied Label*	Do not apply the FTB-supplied label to the tax return. FTB will capture the information that the software prints on the tax return.
Making Corrections*	Do not make corrections on the tax return. Do not modify the name(s), address, or tax data information. If there is an error, print a new tax return.
Submit Original Tax Returns*	Submit original (hardcopy) tax returns. Do not submit a photocopy. Tax returns should be single-sided, not two-sided.
Attaching California Supporting Forms and Federal Forms	Scannable Form 540 may require attachments. Include California supporting forms and schedules behind California Schedule W-2 CG, and follow with federal forms and schedules.
Attaching Wage Statements	California Schedule W-2 CG, Wage and Withholding Summary – If your software doesn't populate this form, you must staple "state" copy of Form(s) W-2, W-2G, and any Form(s) 592-B, 593-B, 594, and 1099 showing CA tax withheld to it. Attach Schedule W-2 CG directly behind Side 2 of scannable Form 540.
Enclosing payment	Enclose check or money order with tax return. Do not staple to tax return.
Assembling Tax Return	Leave Side 1 loose, staple Side 2 and any attachments in the upper left-hand corner. Make all payments payable in U.S. dollars and drawn against a U.S. financial institution.
Where to Mail the Tax Return	REFUND OR NO AMOUNT DUE: FRANCHISE TAX BOARD PO BOX 942840 SACRAMENTO CA 94240-0009 AMOUNT YOU OWE: FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0009

*Apply these rules to all scannable vouchers (Forms 100-ES, 540-ES, 541-ES, FTB 3519, 3522, 3537, 3538, 3539, 3563, 3582, 3586, 3587, and 3588). Mail to the address shown on each form.

Tax Practitioner Tips for Computer-Preparing, Assembling, and Mailing Form 540 2EZ, Long or Short Form 540NR, and Form 540X

Item/Activity	Form 540 2EZ	Long or Short Form 540NR	Form 540X
Monetary Amounts (Taxpayer's Tax Data)	Monetary amounts may include decimal points or a vertical rule (penny line).	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Additional Credits	Your clients may not claim additional credits.	Credit acronym, code number, and amount will print on the applicable line(s) of Long Form 540NR only. (Your clients may not claim additional credits on Short Form 540NR.)	Not applicable.
Direct Deposit of Refund (DDR)	DDR consists of three fields: 1) DDR routing number (Must be 9 positions. The first two positions must be 01 through 12 or 21 through 32); 2) DDR account number; and 3) DDR account type. You must complete all fields for each DDR option you select. Otherwise, leave all fields blank.	Same as Form 540 2EZ.	Not applicable.
FTB-Supplied Label	Do not apply the FTB supplied label to the tax return. FTB will capture the information that the software prints on the tax return.	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Making Corrections	Do not make handprint corrections on the tax return. Do not modify the name(s), address, or tax data information. If there is an error, print a new tax return.	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Submit Original Tax Returns	Submit the original (hard copy) tax returns. Do not submit a photocopy.	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Attaching California Supporting Forms and Federal Forms	Never attach the federal tax return.	Always attach the complete federal tax return, include the supporting schedules and forms.	Attach all supporting forms and schedules for items changed. Include federal forms and schedules if you made a change to your federal return. Include name and SSN for taxpayer (and taxpayer's spouse/RDP, if any,) (or ITIN, if applicable) on all attachments. Include complete copies of the Federal Audit Report(s) if you are reporting changes made by the IRS.
Attaching Wage Statements	California Schedule W-2 CG, Wage and Withholding Summary – If your software doesn't populate this form, you must staple "state" copy of Form(s) W-2, W-2G, and any Form(s) 592-B, 593-B, 594, and 1099 showing CA tax withheld to it. Attach Schedule W-2 CG directly behind Side 2 of scannable Form 5402 EZ.	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Enclosing Payment	Enclose check or money order with tax return. Do not staple to tax return.	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Where to Mail the Tax Return	Make all payments payable in U.S. dollars and drawn against a U.S. financial institution. REFUND OR NO AMOUNT DUE: FRANCHISE TAX BOARD PO BOX 942840 SACRAMENTO CA 94240-0002 AMOUNT YOU OWE: FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0001	Same as Form 540 2EZ.	Same as Form 540 2EZ.